

News Release  
Friday, March 3rd, 2023  
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## LOCAL HOME PRICES SEE MODEST GROWTH

London, ON – In February 2023, the MLS® System of the London and St. Thomas Association of REALTORS® (LSTAR) recorded only 436 residential transactions, thus marking the lowest number of February home sales seen by LSTAR since 1995.

Despite the sluggish sales, 761 new listings entered the market during the same time frame, bringing the number of active listings to 1,320 by month-end. The overall sales-to-new listings ratio for the entire jurisdiction of LSTAR was 57.3%.

Compared to February 2022, both the overall average home price and the composite MLS® Home Price Index (HPI) Benchmark Price were significantly lower, down 24.2% and 25.1%, respectively. Despite this, both metrics saw a modest month-over-month growth. LSTAR's overall average home price was \$621,912 last month, while the composite MLS® HPI Benchmark Price came in at \$583,500.

“With the Bank of Canada signalling that interest rates may have peaked and the consumer confidence index sitting at its highest level since September, I am feeling optimistic about the local housing market. The frantic bidding wars of the past seem to be now in our rearview mirror. And home buyers are getting more and more comfortable with taking on variable-rate mortgages, feeling encouraged by this much calmer environment. In these conditions, the spring market could surprise us,” said 2023 LSTAR President Adam Miller.

To further understand the market, the following table illustrates February's average home prices in LSTAR's main regions compared to the benchmark prices for those same areas.

AREA	FEBRUARY 2023 MLS® HPI BENCHMARK PRICE	FEBRUARY 2023 AVERAGE PRICE
Central Elgin	\$581,600	\$772,488
London East	\$473,500	\$545,823
London North	\$701,900	\$716,079
London South	\$579,700	\$591,098
Middlesex Centre	\$833,600	\$901,034
St. Thomas	\$499,100	\$552,500
Strathroy-Caradoc	\$713,500	\$672,013
LSTAR	\$583,500	\$621,912

In February, the single-family home continued to be the most desirable housing type in our area, with a total of 325 transactions recorded. Following closely behind was the condo townhouse, which saw 56 units exchanging hands. In contrast, the apartment lagged with only 34 units sold during the same period.

“Out of all house types, single-family homes were the ones that drove the month-over-month increases we noticed in the average and benchmark prices. Last month, the average price of a single-family home was \$673,226 in our area, 25.2% lower than in February 2022, but also 5.6% higher than in January 2023. In addition, its MLS® HPI benchmark price was 4% higher than in the previous month,” Miller observed.

Providing a comprehensive overview of the benchmark prices for all housing types in LSTAR jurisdiction, the following table presents the figures for February 2023. This data allows for a direct comparison with the benchmark prices from the preceding years of 2022 and 2020.

<b>MLS® HOME PRICE INDEX BENCHMARK PRICES</b>			
Benchmark Type	February 2023	Change over February 2022	Change over February 2020
LSTAR Composite	\$583,500	↓25.1%	↑44.0%
LSTAR Single-Family	\$628,300	↓25.0%	↑46.4%
LSTAR One Storey	\$558,400	↓25.2%	↑43.0%
LSTAR Two Storey	\$676,300	↓24.8%	↑48.4%
LSTAR Townhouse	\$489,400	↓25.7%	↑43.3%
LSTAR Apartment	\$353,800	↓26.1%	↑18.2%

“When compared to other values recorded provincially and nationally, homes in our area continue to be reasonably priced,” Miller said. The following table shows HPI benchmark prices for February, courtesy of CREA.

<b>AREA</b>	<b>MLS® HOME PRICE INDEX BENCHMARK PRICE</b>
Oakville-Milton	\$1,266,500
Greater Vancouver	\$1,123,400
Greater Toronto	\$1,091,300
Mississauga	\$1,053,400
Fraser Valley	\$946,700
Victoria	\$858,600
Hamilton-Burlington	\$831,300
Guelph & District	\$808,200
Barrie & District	\$787,900
Cambridge	\$742,300
Kitchener-Waterloo	\$726,500
Brantford Region	\$659,300
Niagara Region	\$627,500
Woodstock-Ingersoll	\$616,300
Ottawa	\$613,000
London St. Thomas	\$583,500
Huron-Perth	\$536,400
Calgary	\$518,100
Saskatoon	\$372,400
Edmonton	\$365,100
Winnipeg	\$329,900
CANADA	\$715,400

In 2019, Altus Group, a leading research and advisory firm, released a report shedding light on the ancillary expenditures associated with the average housing transaction in Ontario. The study reveals that, over a period of three years from the date of purchase, an average housing transaction in Ontario generates a total of \$73,250 in ancillary expenditures. These expenditures encompass a wide range of costs, including, but not limited to, legal fees, moving expenses, furniture purchases, and renovation costs.

"This data underscores the significant financial impact that a housing transaction can have on both homebuyers and the wider economy. According to this report, the home sales recorded by LSTAR in February 2023 could potentially bring over 31 million in spin-off spending to our local economy by 2026," Miller added.

"The demand for housing in our area continues to remain strong, fueled by the rapid growth of our local communities. We cannot predict if this demand will result in an increase in home renters or a higher homeownership rate. The only thing we know for sure is that interest rates and borrowing costs have a significant impact on housing affordability.

As such, prospective homebuyers and renters should keep a close eye on economic trends and the actions of policymakers in the coming months and years. By being aware of the factors that shape the housing market and by talking to a local REALTOR®, they'll be able to make more informed decisions about their housing needs and options." Miller concluded.

*The London and St. Thomas Association of REALTORS® (LSTAR) exists to provide its REALTOR® Members with the support and tools they need to succeed in their profession. As one of Canada's largest real estate associations, LSTAR serves and represents over 2,250 REALTORS® who are working in Middlesex and Elgin Counties, a trading area of more than 500,000 residents. LSTAR adheres to a Quality of Life philosophy, supporting growth that fosters economic vitality, and is a proud participant in the REALTORS Care Foundation's Every REALTOR™ Campaign. LSTAR provides housing opportunities, respects the environment, and builds good communities and safe neighbourhoods.*

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